

2003 DRAFTING REQUEST**Bill**

Received: 12/17/2003

Received By: rmarchan

Wanted: Soon

Identical to LRB:

For: James Kreuser (608) 266-5504

By/Representing: joe

This file may be shown to any legislator: NO

Drafter: rmarchan

May Contact:

Addl. Drafters:

Subject: Econ. Development - misc.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Kreuser@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Renewable energy development

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 12/31/2003						S&L Tax
/1	jkreye 01/08/2004	kgilfoy 01/08/2004	jfrantze 01/09/2004		sbasford 01/09/2004		S&L Tax
/2	jkreye	kgilfoy	rschluet		lnorthro	lnorthro	

02/04/2004 03:49:49 PM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/21/2004	01/21/2004	01/21/2004	_____	01/21/2004	02/04/2004	

FE Sent For:

<END>

↳ At
Intro.

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01/21/2004 12:42:09 PM

Page 2

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01/09/2004 02:27:33 PM
Page 1

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1/2 - 1/21
Kmg

1 21 4

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1?	rmarchan	1-1/8 King	8-1/8	8-1/8 1/8			

FE Sent For:

<END>

Marchant, Robert

From: Kremer, Joe
Sent: Wednesday, December 17, 2003 9:59 AM
To: Marchant, Robert
Subject: proposals

Rob,

Attached are three proposals. They're split up and hopefully are detailed enough.

Joe



Renewable Energy
Technology an...



Loan Program
Performance Prior...



WRTP.doc

Joe Kremer
Office of Representative Jim Kreuser
Assembly Democratic Leader
201 West - State Capitol
(608) 266-5504

Renewable Energy Technology and Demand

Encouraging renewable energy technology development, deployment and use -

This proposal is a comprehensive Renewable Energy Use and Production Support Program which would promote renewable energy production, development of technologies, and fostering use of renewable energy.

It includes the following:

- Earmarking \$400,000 of Wisconsin Development Fund technology grants or commercialization loans to be awarded in each biennium for projects that involve research and development or commercialization activities related to renewable energy technology.
- In order to address the demand-side of the renewable energy equation, we also support and include in this proposal exempting sales tax and use tax for certain products that are solar powered, biogas powered, or wind powered, and the energy that is produced from such products

mandatory to award
the \$400,000
each biennium?

↓
what if no
qualifying
business?

↓
flow back

sub V of 560
560.60 et seq

what grants are there?

what is this? — see 560.62(1)(b)

what products?

see 560.61 and 560.62 (technology development grants & loans)
CUDF

renewable
alternative energy resource — s. 196.378(1)(h) 2.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3896/7dn 1

JK: /...
Kmg

Representative Kreuser:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3896/3

JK: King

RR

in 1-7-04

JOON

DIN

Gen. Cat-

1 AN ACT ...; relating to: technology development grants for renewable resource
2 projects and creating sales tax and use tax exemptions for the sale of a
3 renewable resource and for tangible personal property powered by a renewable
4 resource.

Analysis by the Legislative Reference Bureau

This bill creates sales and use tax exemptions for the sale of a renewable resource and for the sale of any item of tangible personal property that uses a renewable resource. Under current law, "renewable resource" includes a resource that derives electricity from a fuel cell that uses a renewable fuel, tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, wood or plant material, biological waste, crops grown for use as a resource, or landfill gases. ✓

Under current law, the ^Ddevelopment ^Ffinance ^Bboard (board) may award technology development grants and loans, from the Wisconsin development fund, to businesses to provide capital for developing and marketing a business or to fund technical research that is intended to result in the development of a new, or the improvement of an existing, industrial product or process.

This bill requires the board to biennially award technology development grants or loans, not exceeding \$400,000 in each biennium, to businesses for research, development, or commercialization activities related to renewable resource projects.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

a total of

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 77.54 (30m) of the statutes is created to read:

77.54 (30m) The gross receipts from the sale of and the storage, use, or other consumption of a renewable resource, as defined ⁱⁿ ~~under~~ s. 196.378 (1) (h). ✓

SECTION 2. 77.54 (47) of the statutes is created to read:

77.54 (47) The gross receipts from the sale of and the storage, use, or other consumption of any item of tangible personal property that uses a renewable resource, as defined ⁱⁿ ~~under~~ s. 196.378 (1) (h), as a power source. ✓

SECTION 3. 560.62 (3m) of the statutes is created to read:

560.62 (3m) The board shall biennially award technology development grants or loans, not exceeding ^{to a total of} \$400,000 in each biennium, under sub. (1) to businesses or consortiums for research, development, or commercialization activities related to renewable resource projects. ^(a) In this subsection, "renewable resource" has the meaning given in s. 196.378 (1) (h). ✓

SECTION 4. Initial applicability.

(1) The treatment of section 560.62 (3m) of the statutes first applies to grants or loans awarded on July 1, 2005. ✓

SECTION 5. Effective date. ⁽⁵⁾

(1) The treatment of section 77.54 (30m) and (47) of the statutes takes effect on the first day of the 2nd month beginning after publication. ✓

(END)

This act takes effect on the day after publication, except as follows:

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3896/1dn
JK:kmg:jf

January 9, 2004

Representative Kreuser:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3896/1

JK:kmg:jf

RMK

2003 BILL

in 1-21-04

D-N

Gen. Cat

- 1 AN ACT *to create* 77.54 (30m), 77.54 (47) and 560.62 (3m) of the statutes;
2 relating to: technology development grants for renewable resource projects
3 and creating sales tax and use tax exemptions for the sale of a renewable
4 resource and for tangible personal property powered by a renewable resource.

Analysis by the Legislative Reference Bureau

This bill creates sales and use tax exemptions for the sale of a renewable resource and for the sale of any item of tangible personal property that uses a renewable resource. Under current law, "renewable resource" includes a resource that derives electricity from a fuel cell that uses a renewable fuel, tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, wood or plant material, biological waste, crops grown for use as a resource, or landfill gases.

Under current law, the Development Finance Board (board) may award technology development grants and loans, from the Wisconsin development fund, to businesses to provide capital for developing and marketing a business or to fund technical research that is intended to result in the development of a new, or the improvement of an existing, industrial product or process.

This bill requires the board to biennially award technology development grants or loans, not exceeding a total of \$400,000 in each biennium, to businesses for research, development, or commercialization activities related to renewable resource projects.

BILL

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 77.54 (30m) of the statutes is created to read:

77.54 (30m) The gross receipts from the sale of and the storage, use, or other consumption of a renewable resource, as defined in s. 196.378 (1) (h).

SECTION 2. 77.54 (47) of the statutes is created to read:

77.54 (47) The gross receipts from the sale of and the storage, use, or other consumption of any item of tangible personal property that uses a renewable resource, as defined in s. 196.378 (1) (h), as a power source.

SECTION 3. 560.62 (3m) of the statutes is created to read:

560.62 (3m) (a) In this subsection, "renewable resource" has the meaning given in s. 196.378 (1) (h).

(b) The board shall biennially award technology development grants or loans, not exceeding a total of \$400,000 in each biennium, under sub. (1) to businesses or consortiums for research, development, or commercialization activities related to renewable resource projects.

SECTION 4. Initial applicability.

(1) The treatment of section 560.62 (3m) of the statutes first applies to grants or loans awarded on July 1, 2005.

SECTION 5. Effective dates. This act takes effect on the day after publication, except as follows:

Any amount not awarded under this paragraph in each biennium may be awarded as a grant or loan described under s. 560.61.

BILL

1 (1) The treatment of section 77.54 (30m) and (47) of the statutes takes effect
2 on the first day of the 2nd month beginning after publication.

3 (END)

3896/2 dr

Representative Kreuser:

Please review this draft carefully to ensure that it
is consistent with your intent.

JK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3896/2dn
JK:kmg:rs

January 21, 2004

Representative Kreuser:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Northrop, Lori

From: Kremer, Joe
Sent: Wednesday, February 04, 2004 3:41 PM
To: LRB.Legal
Subject: Draft review: LRB 03-3896/2 Topic: Renewable energy development

It has been requested by <Kremer, Joe> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-3896/2 Topic: Renewable energy development



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

March 8, 2004

MEMORANDUM

To: Representative Plouff

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **AB-873** (LRB 03-3896/2)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 4, 2004

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on AB 873 Regarding Sales Tax Exemptions for Renewable Resources

We have the following technical concerns with AB 873:

1. It is not clear whether Section 1 is intended to exempt from sales and use tax generators powered by renewable resources or sales of electricity generated by the use of certain fuel cells, tidal or wave action, solar energy, wind power, and other renewable resources. In addition, the bill may exempt sales of the renewable resource itself – solar energy, wind power, and other renewable resources. This interpretation is supported by sec. 196.378 (j) which defines "resource" as "a source of energy used to generate electric power."
2. Wisconsin's electric power supply is produced using a mix of technologies, including renewable resources such as wind and hydro power. Since the bill does not require direct and exclusive use of power supplied using a renewable resource to qualify for the exemption, any item of tangible personal property that uses electricity would be exempt under Section 2.

The fact that the electricity is not generated exclusively from a renewable resource would not disqualify the tangible personal property from exemption because the bill does not require exclusive use of a renewable resource. Also, the fact that the wind does not directly power the tangible personal property would not disqualify the tangible personal property from exemption because there is no direct use requirement in the bill.

For example, if a utility generates 5% of its electricity with wind turbines, and the other 95% of its electricity from coal, the wind-generated electricity is commingled with the coal-generated electricity and sold to customers. Any item of tangible personal property (e.g., computers, televisions, and air conditioners) powered by such commingled electricity would qualify for exemption because it uses electricity generated from a renewable resource (wind power).

3. The bill does not exempt accessories, attachments, and parts for the items of tangible

personal property that would be exempt under the bill. Taxpayers may be confused in trying to distinguish the parts that use a renewable resource from those that do not. This problem may be remedied by including accessories, attachments, and parts for such tangible personal property within the exemption.

For example, if a wind turbine is being overhauled, it is not clear whether the blades themselves are items of tangible personal property that are powered by a renewable resource. Certainly the wind turbine uses a renewable resource as a power source, and the sale of an entire wind turbine would qualify for exemption, but it is not clear whether sales of parts, accessories, and attachments for it (e.g., blades, concrete for foundation, cable and wiring) would be exempt.

If you have questions regarding this technical memorandum, please contact Blair P. Kruger at (608) 266-1310 or bkruger@dor.state.wi.us.